(b) if so, the details of steps taken by Government to achieve the targets fixed for the disinvestment?

THE MINISTER OF STATE OF THE DEPARTMENT OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) No, Sir.

(b) Does not arise.

CAG audit report on sale of MFIL

779. SHRI JIBON ROY:
SHRI K. RAHMAN KHAN:

Will the Minister of DISINVESTMENT be pleased to state:

(a) whether CAG preliminary audit report on the sale of Modern Food Industries Limited to Hindustan Lever Ltd. has revealed that company's real worth was undervalued by ANZ Grindlays who were appointed by Government as their Global Advisor, as reported in the Times of India, dated 29th June, 2001;

(b) if so, the details thereof; and

(c) the details of valuation of the assets of the Modern Food Industries as done by Global Advisor and the buyer Hindustan Lever Ltd.?

THE MINISTER OF STATE OF THE DEPARTMENT OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) and (b) CAG in its preliminary report has mentioned that the Global Advisor did not value the plant and machinery leading to lower valuation of MFIL under Asset Valuation method.

(c) The plant and machinery being used by Modern Food Industries (India) Ltd. (MFIL) was mostly of 60's and 70' vintage and is obsolete and therefore, assignment of any replacement value to such plant and machinery would be imaginary rather than real. Therefore, the only option was to consider their book value of Rs. 8.64 crores and there was no need for getting the old vintage type machinery assessed by any valuer. Two points further corroborate the precarious position of MFIL (1) the then management (prior to

disinvestment) had estimated the incremental investment of Rs. 80 crores on replacement of obsolete plant and machinery and (2) immediately after disinvestment the new management had to start pumping in funds, which on date amount to Rs. 29 crores (in addition to the Rs. 20 crore equity) towards modernization and capital expenditure, repairs of plant, equipment and buildings, replacing baking tins, product and market development, trade support and brand building, repayment of high interest loans, Government loans, payments to suppliers, interim relief to employees working capital requirements, VRS payments towards restructuring/reduction of fixed overhead costs and for meeting other operational expenditure.

Disinvestment of Air India

780. DR. KARAN SINGH:
SHRI C.M. IBRAHIM:

Will the Minister of DISINVESTMENT be pleased to state:

(a) whether Government have since decided the question of disinvestment in respect of Air India;

(b) if so, for how long the matter has been pending indicating the steps, so far, taken in this regard;

(c) whether a number of bidders have withdrawn from the race in respect of their bids on account of delay in decision; and

(d) how this deferment and delay are likely to hit the prospects of striking the best deal?

THE MINISTER OF STATE OF THE DEPARTMENT OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) and (b) The process of disinvestment in respect of Air India, which was initiated through an advertisement inviting Expressions of Interest in October, 2000, has been going on according to the pre-determined transparent procedure followed by Government in all disinvestment transactions and is now at an advanced stage of finalisation of Shareholders/ Sharepurchase Agreements. Once these are finalised, price bids would be called.